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DEPT PASS USTR FOR KARESH, ROSENBERG, CELICO, STRATFORD, BLISS
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TREAS FOR OASIA/ISA-CUSHMAN
USDOC FOR 4420/ITA/MAC/MCQUEEN AND DAS KASOFF
GENEVA FOR CHAMBERLIN

E.O. 12958: N/A

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SUBJECT: USTR PROPOSES BILATERAL LABOR DIALOGUE WITH CHINA

¶1. (SBU) Summary: On March 6 Assistant USTR Tim Stratford met with the Chinese Ministry of Labor and Social Affairs (MOLSS) and proposed that the United States and China initiate a bilateral labor dialogue that would help the United States sustain and improve trade ties with China. USTR has coordinated this proposal with the United States Department of Labor (USDOL), he said, and both agencies would participate. MOLSS Deputy Director General for International Affairs Jiang Mohui agreed to discuss the proposals within the Chinese government and come back with a response. Stratford said he hoped a first session of the dialogue could take place before mid-April. Jiang thought this may be too soon. End summary.

¶2. (SBU) AUSTR Tim Stratford met MOLSS Deputy Director General Jiang Mohui and proposed that the United States and China launch a bilateral labor dialogue that would help improve and sustain the US-China trading relationship. (During the previous week, Deputy USTR Amb. Karan Bhatia alerted the Vice-Ministers of Commerce and Foreign Affairs that the United States would be making such a proposal -- septels.) Stratford recalled USTR's decision in July 2006 to reject a section 301 petition filed by the AFL-CIO against China, as well as a White Paper the Chinese Embassy in Washington provided at the time, which stated that China was "willing to strengthen communication and cooperation and enhance understanding" on labor issues. Stratford noted the criticism USTR received from Congress and American labor unions for its decision to reject the petition in 2006, and reviewed political developments that have occurred in the United States since then, including the increased attention to labor in trade policy debates in the new Democratic Party-dominated Congress. Stratford said Congress is already working on several pieces of China-related trade legislation, and that a labor dialogue would be helpful to demonstrate to Congress that China and the United States are engaged in a constructive discussion of labor issues. Stratford said USTR has coordinated the proposal with USDOL. The goal of the dialogue, Stratford said, was not to supplant existing cooperative programs between the Chinese government and USDOL, but to use the forum to explain United States concerns and learn more about the Chinese situation, as well as to find ways to cooperate and make improvements.

¶3. (SBU) Stratford said he envisioned bilateral meetings at the Assistant Secretary/Director General level twice a year, with Vice Ministers meeting occasionally to review progress. He said either side should be free to place topics on the agenda. Stratford hoped the first meeting of the dialogue could take

place no later than mid-April 2007. The United States is flexible, Stratford said, about what to call the dialogue, takes no position on which Chinese agencies other than MOLSS should participate, and sees no need to sign any agreement or memorandum, or link the dialogue to existing structures such as the Joint Committee on Commerce and Trade (JCCT) or the Strategic Economic Dialogue (SED), but is open to considering other approaches China might favor.

¶4. (SBU) Jiang said he would report the proposal to his superiors within MOLSS as well as to the Ministry of Commerce (MOFCOM) and others, before providing an official response. He thought mid-April was very soon for a first meeting, and said that if such a dialogue were linked to the JCCT or SED, it could make the process much more complicated. He reiterated China's view that labor issues should not be used as an excuse for protectionist trade sanctions, but also indicated that China would welcome an opportunity to correct prevalent but unfair misimpressions in the United States about the labor situation in China. He observed that in previous visits to the United States, he found American officials and non-government China experts misunderstood China's situation because of lack of first hand information.

¶5. (U) AUSTR Stratford cleared this message.
RANDT